

DEVON FUNDS.

For the informed investor.

MONTHLY REPORT: JANUARY 2025

Back to the future

By Greg Smith, Head of Retail at Devon Funds

Many markets have enjoyed a very positive start to the year. The Dow surged 4.7% in January, while the S&P500 advanced 2.8% and the Nasdaq rose 1.6%. European indices rose nearly 7% to record highs and the UK's FTSE100 surged over 6%. The MSCI World Index rose 3.6%. The Australian market has also enjoyed a strong start to the year, with a 4.6% rise. The NZX50 has meanwhile been somewhat of an outlier with a 0.9% decline. This comes ahead of an important month, with the earnings season upon us, and a rather important RBNZ decision due towards the end of February.

While optimism has been the prevailing mood in many markets, any air of complacency was shaken by political events in early February, as Donald Trump settled into his work at the Oval Office. The new administration announced blanket tariffs against Mexico, Canada and China, signalling that Europe could be next. Investors at this stage however appear to be taking the view that an all-out trade war is not the most probable scenario, and like Trump's first term, the current back and forth will ultimately end in negotiations and concessions. Though clearly, this remains a great unknown.

Donald Trump initially signed an order imposing 25% blanket tariffs on Mexico and Canada (10% for Canadian energy imports), as well as a 10% duty on China. While Trump imposed tariffs during his last term, the latest measures are unprecedented. These tariffs have been imposed under emergency economic authority – this has never been used before for tariffs (Nixon used the precursor to the current law in 1971). There are no exemptions to the tariffs, and they were set to remain in place until the White House is satisfied that the “illicit fentanyl trafficking” into the US is under control and there is a dramatic reduction in migration and broader criminal activity at US borders...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-0.9%	9.5%
S&P/ASX200G	AUSTRALIA	4.6%	15.2%
MSCI World Index	GLOBAL	3.6%	21.9%
S&P500	USA	2.8%	26.4%
FTSE100	UK	6.2%	18.0%
NIKKEI 225	JP	-0.8%	11.0%
NZ 90 Day Bank Bill	NZ	0.4%	5.5%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	0.4%	3.6%

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AT A GLANCE

Prices as at 31 January 2025

DEVON ALPHA FUND	\$2.4405
DEVON AUSTRALIAN FUND	\$1.8993
DEVON DIVERSIFIED INCOME FUND	\$1.4790
DEVON DIVIDEND YIELD FUND	\$1.8562
DEVON GLOBAL IMPACT BOND FUND	\$1.3482
DEVON GLOBAL SUSTAINABILITY FUND	\$2.1239
DEVON TRANS-TASMAN FUND	\$5.0650
DEVON SUSTAINABILITY FUND	\$3.4900
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0410

IN THIS REPORT

Market Commentary.....	Page 1
At a Glance.....	Page 1
Devon Fund Summaries	
Alpha Fund.....	Page 2
Trans-Tasman Fund.....	Page 3
Australian Fund.....	Page 4
Dividend Yield Fund.....	Page 5
Diversified Income Fund.....	Page 6
Sustainability Fund.....	Page 7
ESG Insights.....	Page 8
Devon Global Impact Fund.....	Page 9
Devon Global Sustainability Fund.....	Page 9
Artesian Green Bond Fund.....	Page 10

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DEVON ALPHA FUND

FUND OUTLINE

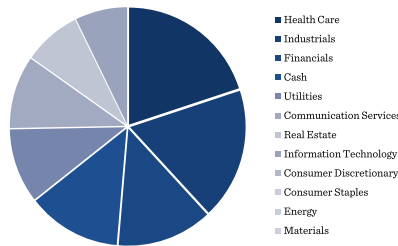
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

The Fund does not follow any index, is actively managed and aims to generate capital growth over the long term. Currency exposure is actively managed.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	34.8%	Cash	13.0%
Australian Equities	52.2%	Total	100.0%
Currency Hedge	101.2%		

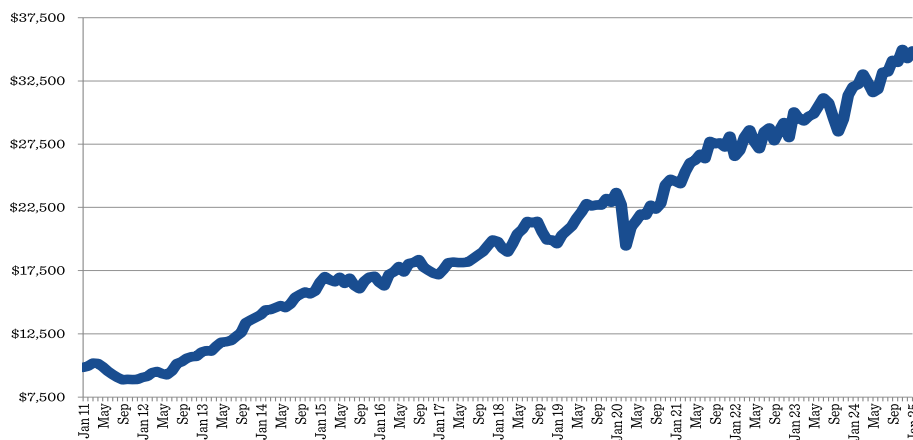
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	1.8%	2.7%	8.8%	9.5%	8.1%	7.6%
OCR + 5%	0.8%	2.4%	10.5%	8.6%	5.2%	3.6%

*Devon Alpha Fund returns are after all fees and expenses, but before tax which varies by investor.
**The benchmark for Alpha changed to OCR + 5% from 1 September 2022.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Alpha Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/alpha-fund> or by clicking [HERE](#)

COMMENTARY

The Alpha strategy enjoyed solid performance during the month with strong contributions coming from a number of our key investments. These included Macquarie Group which rallied 8.6% and Cleanaway Waste, whose share price finished up 4.9%. Ahead of both of these though was Resmed which jumped by 9.3%. This company is now up almost 40% in the past year as investors have recognised that their competitive environment has remained relatively benign and that the advent of GLP-1's is likely to be supportive for the demand profile of sleep apnoea device sales. Resmed is also benefitting from improved earnings confidence associated with the introduction of new masks, including the new fabric wrapped N30i.

The Alpha portfolio is currently positioned with a bias towards Australian equities, although we are conscious of cyclical opportunities presenting themselves in New Zealand as we progress through our recent economic challenges.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.



DEVON TRANS-TASMAN FUND

FUND OUTLINE

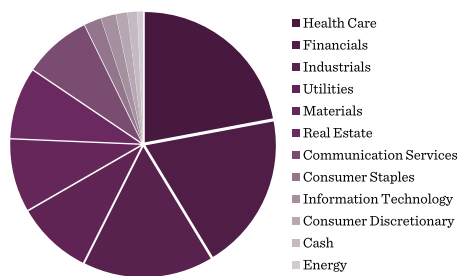
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

This Fund invests in a select portfolio of well researched companies, which are primarily New Zealand and Australian listed companies. The Australian dollar currency exposure is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	44.5%	Cash	5.6%
Australian Equities	49.9%	Total	100.0%

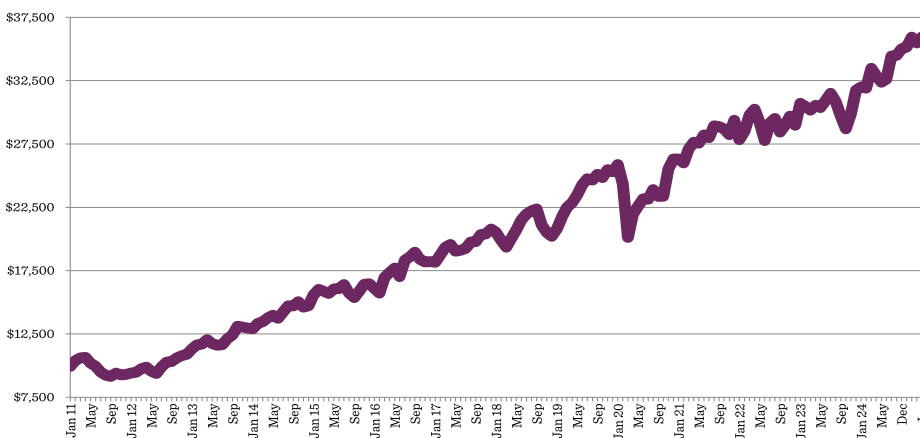
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	1.3%	2.3%	12.3%	8.9%	6.8%	8.4%
50:50 NZX50 Gross & ASX200 Index Unhedged	1.8%	4.1%	13.9%	7.7%	5.7%	8.7%

*Devon Trans Tasman Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Trans-Tasman Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/trans-tasman-fund> or by clicking [HERE](#)

COMMENTARY

The Trans-Tasman strategy performed slightly below its underlying benchmark during January. There were a number of positive contributors to our portfolio during the month including Telix and Newmont (both up over 10%) and Suncorp which finished up 9.5%. Key detractors included Infratil, Contact Energy and Telstra.

Newmont rallied 16% following a strong month for the gold price that rallied towards US\$2,800/t and as the company finalised the last of their mine divestments for US\$425m. While the value achieved for the sale of Porcupine was below expectations, with the sale of five non-core assets now complete this will simplify the business. The company is expected to receive a further US\$2.8bn in cash in H1 2025 for these assets and along with circa US\$3bn of free cash flow will give scope for further debt repayment and share buybacks.

PORTFOLIO MANAGER

Tama Willis



After a long period in international investment markets, Tama returned to NZ after a very successful career in London and Singapore to join Devon's investment team. Tama holds primary responsibility for Devon's Trans-Tasman Fund. Tama is widely regarded as a leading expert on resource and mining stocks.

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DEVON AUSTRALIAN FUND

FUND OUTLINE

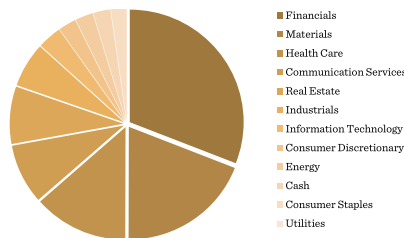
The Australian Fund invests in a select portfolio of companies, which are primarily Australian listed companies.

The Australian market is much larger than the New Zealand market and offers exposure to a number of sectors that are not available in New Zealand. The Australian dollar currency exposure of this Fund is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Table with 2 columns: Asset Category and Percentage. Rows include New Zealand Equities (0.0%), Australian Equities (97.5%), Cash (2.5%), and Total (100.0%).

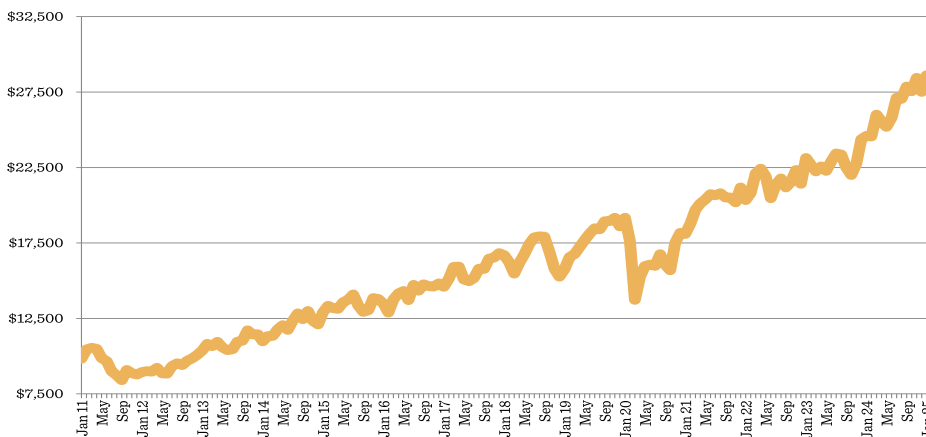
PERFORMANCE

Table with 7 columns: Fund Name, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, 10 Yr p.a. Rows include Devon Australian Fund and ASX200 Index Gross (NZD).

*Devon Australian Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Australian Fund can be found in our Quarterly Fund Updates by visiting https://devonfunds.co.nz/australian-fund or by clicking HERE

COMMENTARY

The Australian strategy generated a strong absolute return during January. The ASX200 benchmark for this portfolio was also well supported across the board and we were fortunate that a number of our key positions made solid contributions. These included Suncorp Group which rallied 9.5%, James Hardie which jumped 9.1% and Sandfire Resources that closed the month up 7.9%. Also impressive was our investment in National Australia Bank (NAB) which generated a return for us of 8.2%. The Banking sector has performed extremely well over the past 12-months with our portfolios holdings in NAB, CBA and Westpac up by 28.3%, 40.6% and 46.4% respectively over the past 12-months. These returns have been sponsored by investor confidence in the Australian economic cycle and the benign impact on credit quality. Banks are also now enjoying improving trends in lending volumes and cost control has been effective. We are underweight in this sector though given concerns over valuations.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade

is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.

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DEVON DIVIDEND YIELD FUND

FUND OUTLINE

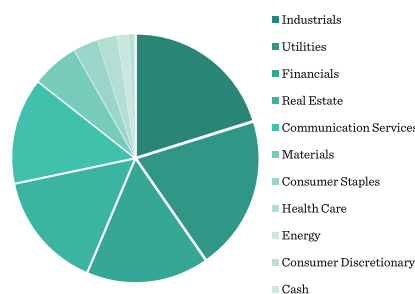
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

These stocks are chosen for their attractive dividend yields and growth prospects with the aim of maintaining the dividend yield and capital value in real terms. The Australian dollar currency exposure is typically fully hedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

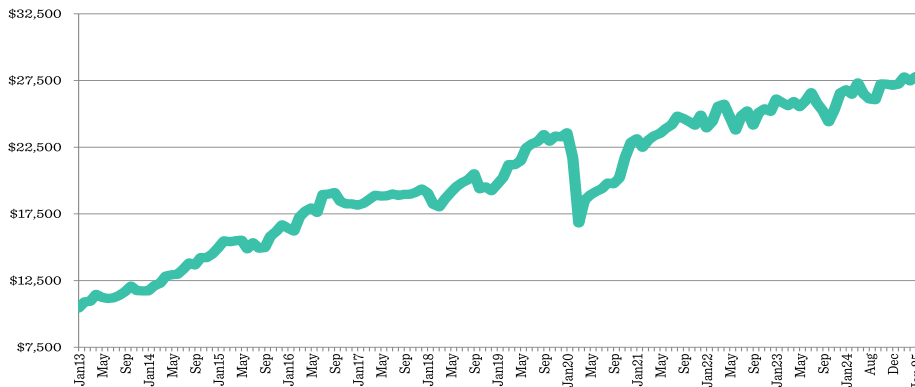
Table with 2 columns: Allocation Category and Percentage. Rows include New Zealand Equities (68.5%), Australian Equities (30.5%), Currency Hedge (98.3%), Cash (1.0%), Total (100.0%), and Yield (5.7%).

Table with 7 columns: PERFORMANCE, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, Since Inception. Rows include Devon Dividend Yield Fund and 50:50 NZX50 & ASX200 Index Gross.

*Devon Dividend Yield Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2013



NOTE: Further information on the Devon Dividend Yield Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/dividend-yield-fund> or by clicking [HERE](#)

COMMENTARY

The Dividend Yield strategy offers investors a forecasted gross distribution for the year ahead of 5.7%. The portfolio's dividend stream is also expected to grow by 4.0% annually over the next three years, versus the RBNZ's CPI forecast of 2.2% over the same period.

Top performers during January were Suncorp (+9.5%), National Australia Bank (+8.2%), and Mercury (+7.9%). Meanwhile, key detractors included Briscoes (-7.6%), Genesis Energy (-2.2%), and Contact (-2.1%). Suncorp rallied strongly following the Los Angeles fires, which are expected to tighten up the reinsurance market globally. Australian general insurers will then pass on higher reinsurance costs via their own premium increases. Following an outstanding two years for Suncorp, which has seen the share price rally 77%, we continued to trim the position as the valuation appears increasingly stretched. Despite this, we remain attracted to their proposed strong capital returns which are expected to occur during the first half of this year.

PORTFOLIO MANAGER

Patrick Washer



Patrick has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund. Patrick also holds research responsibilities for the property, aged care and transport sectors.



DEVON DIVERSIFIED INCOME FUND

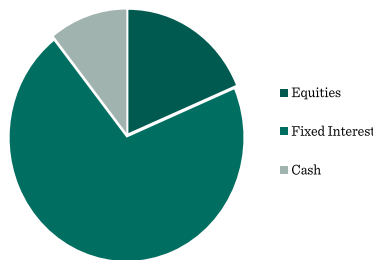
FUND OUTLINE

The **Devon Diversified Income Fund** aims to give New Zealanders access to a diverse and good quality portfolio of high yielding investments. The Fund aims to generate better-than-bank income rates by investing in a carefully selected portfolio of government and corporate bonds, cash, listed property, infrastructure, utility companies, high yielding equities, credit securities and other yielding financial assets.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	17.2%	Bonds	65.3%
Australian Equities	7.7%	Cash	9.9%

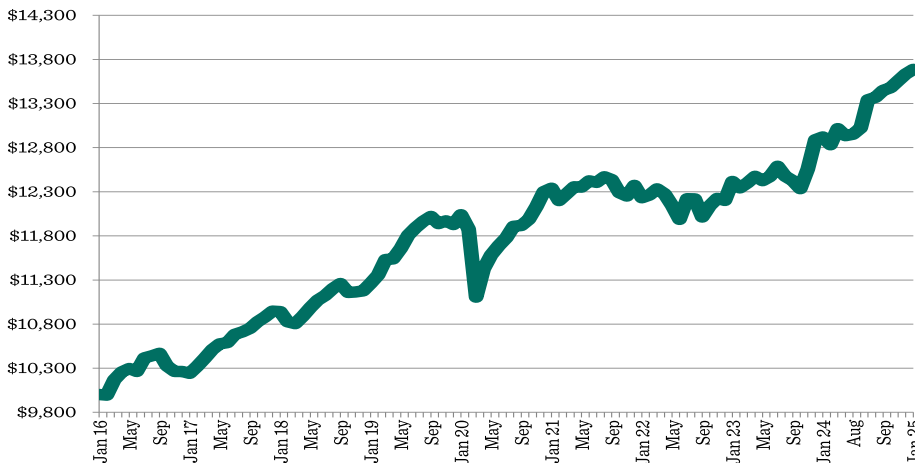
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.4%	1.6%	5.9%	3.8%	2.6%	3.6%
75% BB Composite 0-5yr Index, 25% 50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	0.8%	1.5%	6.8%	6.0%	4.3%	2.9%

*Devon Diversified Income Fund returns are after all fees and expenses, but before tax which varies by investor.
**The Devon Diversified Income Fund's benchmark changed to a blended market index from 10th December 2024.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2016



NOTE: Further information on the Devon Diversified Income Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/diversified-income-fund> or by clicking [HERE](#)

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COMMENTARY

Global bond rates rallied significantly during the month with the interest rate on US 10-year Treasuries climbing from 4.22% to 4.52%. This move was catalysed by increased optimism in the US economy and due to the possible inflation implications of Donald Trump's policies, including the potential impact of wide-ranging tariffs. The US Federal Reserve also met in December and cut the overnight borrowing rate by 0.25%. This takes the level back to where it was in December 2022. The most interesting element of their decision was a change to the guidance of further moves in 2025. The Fed now expects to only cut twice more this year, by a total of 0.50%, given that inflation remains above their target and growth is relatively solid. In New Zealand, our third-quarter real GDP was reported to have fallen by 1%. This was weaker than expected and comes off the back of a 1.1% fall in the second quarter.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.



DEVON SUSTAINABILITY FUND

FUND OUTLINE

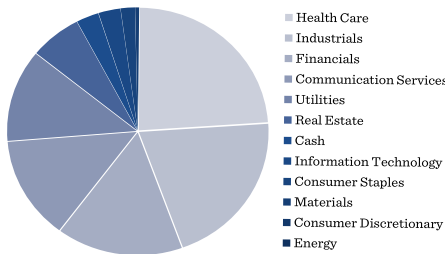
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

The Fund looks to invest in companies that score highly on overall environmental, social and corporate governance performance. The Fund also employs an ethical screen which will prohibit investment into certain companies and sectors.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	56.5%	Cash	2.9%
Australian Equities	40.6%	Total	100.0%

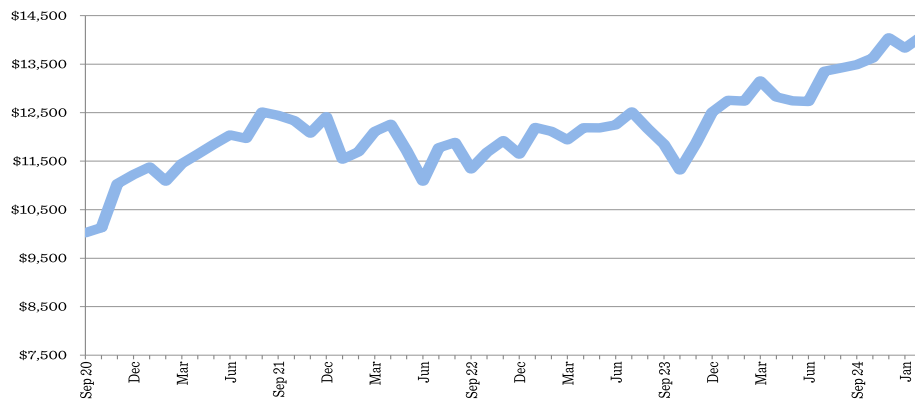
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	1.7%	3.2%	10.3%	6.8%	8.0%
50:50 NZX50 Portfolio Index & ASX200 Index	2.4%	3.7%	11.1%	6.6%	7.8%

*Devon Sustainability Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 31 August 2020



NOTE: Further information on the Devon Sustainability Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/devon-sustainability-fundor> by clicking [HERE](#)

COMMENTARY

The stocks that contributed strongly to the Fund's performance in January included Telix Pharmaceutical (+19.2%), CAR Group (+12.6%), and Suncorp Group (+9.5%). In contrast, Infratil (-11.0%) and Ryman Healthcare (-7.4%) were among the worst performers. Infratil declined after the Chinese company DeepSeek claimed it could develop AI applications using a fraction of the power required by existing models.

CAR Group decided to exit its Australian Tyres business in January and reiterated its full year outlook. The company has successfully expanded its global footprint, creating a strong pipeline of growth opportunities. More recently, it increased its stake in the Brazilian online classifieds business Webmotors, accelerating revenue growth to nearly 30% in the first year of majority ownership. CAR Group's business model exhibits several counter-cyclical traits, allowing it to withstand macroeconomic headwinds across its markets. Additionally, the stock continues to trade at a lower price-to-earnings multiple than several of its Australian peers.

PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.

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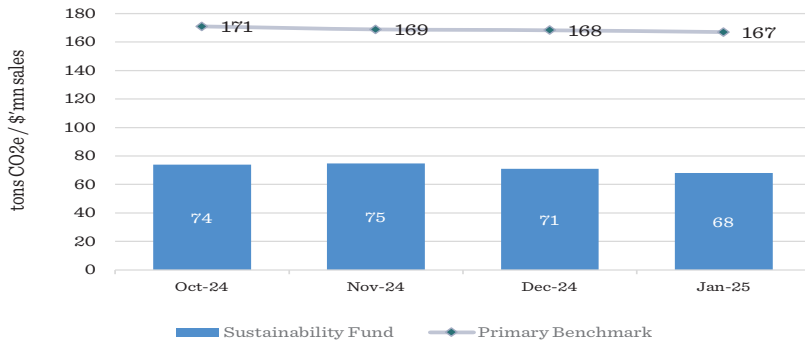
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DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

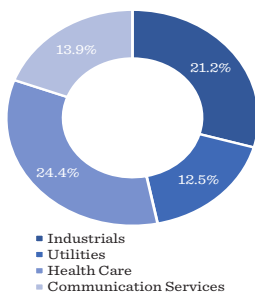
Carbon Intensity - Portfolio vs Benchmark



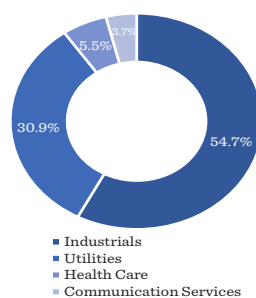
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



The industrials, utilities, and communication sectors make up 47.6% of the portfolio by value, but they account for 89.3% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.70	Portfolio Sustainability Fund
Benchmark	AA	7.41	Primary Benchmark 50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Index

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	3.9%	4.4%	4.5%	4.9%	5.9%

*ESG Relative Performance is the MSCI ESG Score of the Devon Sustainability fund compared to the MSCI ESG Score of the Benchmark

PORTFOLIO HOLDING'S DISCLOSURE SUMMARY

Portfolio Holding's Summary

% of companies reporting to TCFD standards	92.9%
% of companies committed to Net Zero	73.8%
% of companies committed to Carbon Neutral	7.1%
% of companies with no commitment to either	19.0%

STEWARDSHIP

Devon is a founding member of the Aotearoa New Zealand Stewardship Code. The core principles of the code are: Be committed; Establish and maintain policies; Incorporate material ESG matters; Be engaged; Vote responsibly; Manage conflicts of interest; Collaborate and advocate for change; Measure and report; Educate and improve.

At the end of 2024 we published our inaugural Stewardship Report, available [here](#). This report provides a detailed overview of the ways in which we meet the principles of the code. Further examples of engagements, in addition to what is provided in our monthly reports, quarterly sustainability reports, and annual sustainability reports are provided. We hope it provides valuable insight into our stewardship processes.

PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.

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DEVON GLOBAL IMPACT BOND FUND

DURATION

Sector	Contribution to Duration (Years)		
	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	-0.00	0.00
US Government	0.95	1.08	-0.13
Credit*	4.03	4.62	-0.58
Asset Backed Securities	0.05	0.01	0.04
Mortgage Backed	0.95	0.64	0.30
Commercial Mortgage	0.05	0.03	0.02
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.04	6.46	-0.42

The Fund invests into the Wellington Global Impact Bond Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that they believe are addressing these needs in a differentiated way through their core products, services and projects. The Wellington Global Impact Bond Fund aims to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change.

CREDIT RATING

Quality	Percent of Market Value		
	Account	Benchmark	Difference
Cash	6.31	0.35	5.96
AAA	30.64	11.52	19.11
AA	34.28	42.56	-8.29
A	8.62	31.17	-22.55
BBB	13.01	14.13	-1.12
BB	5.45	0.01	5.44
B	2.28	-	2.28
Below B	0.07	-	0.07
Cash Offset	-1.28	-	-1.28
Not Rated	0.63	0.26	0.37
	100.00	100.00	

They seek to identify securities which it believes fall into three primary impact categories: life essentials, human empowerment and the environment. Within these categories the Fund will invest across "Impact Themes" including, but not limited to the following:

Life Essentials: affordable housing, clean water and sanitation, health, sustainable agriculture and nutrition.

Human Empowerment: digital divide, education and job training, financial inclusion, safety and security.

Environment: alternative energy, resource efficiency and resource stewardship.

*Duration & Credit Rating as at 31 January 2025

DEVON GLOBAL SUSTAINABILITY FUND

The Fund invests into the Wellington Global Stewards Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to invest in companies globally, that generate high return on capital relative to their peers, and whose management teams and boards display exemplary stewardship to sustain those returns over time. Wellington define stewardship as how companies balance the interests of all stakeholders (customers, employees, communities and the supply chain) in the pursuit of profits and how they incorporate material environmental, social and governance (ESG) risks and opportunities in their corporate strategy. The underlying Wellington Fund differentiates itself by:

Long-term horizon – the intention is to hold stocks for over 10 years. The belief is the longer the holding period, the greater the potential performance benefits from superior stewardship.

Highly selective – typically 35-45 stocks, only relying on their own internal ESG research.

Active engagement – holding those in charge of investee companies to account and encouraging companies to commit to net zero carbon emissions by 2050 in alignment with the Paris Agreement.

PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Devon Global Impact Bond Fund	0.5%	0.7%	4.1%	4.2%	1.1%
Bloomberg Global Aggregate Index Hedged NZD	0.4%	0.7%	3.6%	3.8%	0.9%

PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Devon Global Sustainability Fund	3.0%	6.6%	21.5%	18.3%	13.0%
MSCI All Country World Index in NZD, 50% hedged to NZD	2.9%	8.0%	27.3%	22.5%	13.5%

*Benchmark performance figure is indicative only and will be finalised in the mid month report.

KEY HOLDINGS*



*Key Holdings as at 31 January 2025

Please note that monthly reports will be produced for the Devon Global Impact Bond Fund and Devon Global Sustainability Fund later this month. These reports will include data on top holdings, performance, asset allocation, and fund commentaries. These reports will be sent out separately from those for Devon's other retail funds each month and will be available on the Devon Funds website.

Devon Funds Management Limited

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www.devonfunds.co.nz

ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

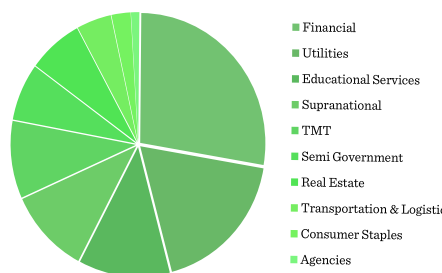
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable bonds. Artesian are committed to integrating ESG into their investment processes, with a focus on responsible investment.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Artesian Green & Sustainable Bond Fund (NZD)	99.2%	Cash	0.8%
Currency Hedge (100% to NZD)	99.6%	Total	100.0%

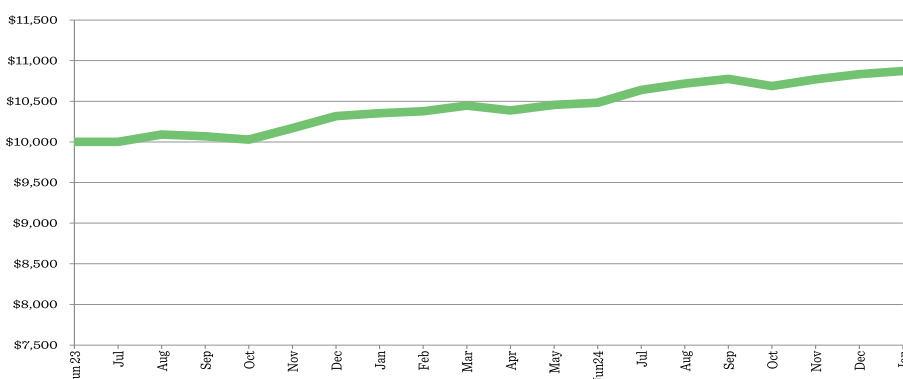
PERFORMANCE

	1 Mth	3 Mth	1 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.38%	1.75%	5.02%	5.80%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.48%	1.85%	5.51%	6.20%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.38%	1.58%	4.62%	5.61%

*Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor.
 **Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor and inclusive of tax credits. The Fund invests in an underlying Australian Unit Trust (AUT) which is required to distribute all income. Tax on these distributions is withheld at fund level but investors receive a tax credit for this amount. As such, the Zero PIR return is a reasonable basis for comparing performance between the NZD Fund and its AUT alternative.

NET PERFORMANCE

Based on \$10,000 invested at 30 June 2023



NOTE: Further information on the Artesian Green Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/artesian-green-and-sustainable-bond-fund-nzd> or by clicking [HERE](#)

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COMMENTARY

The Fund's outperformance versus benchmark in January was driven by the overweight credit duration positioning (credit spreads were lower/tighter) and overweight interest rate duration positioning (interest rates were lower/tighter). The Fund's running yield of 4.70% versus the benchmark's 4.10%, also contributed to the monthly outperformance versus benchmark.

Outperformance in January came from the Fund's positions in NBN (Green), Optus (Sustainability Linked), Power SA (Green), New South Wales Treasury Corporation (sustainable) and Woolworths (Sustainability Linked). Underperformance came from the Fund's positions in ANZ (Sustainable), OCBC (Green), Bank Australia (Sustainable) and QIC Shopping Centre Fund (Green).

PORTFOLIO MANAGER

David Gallagher

David joined Artesian in June 2013. Prior to joining Artesian, David spent nine years in the United Kingdom working for Deutsche Bank and RBS. David has extensive risk and portfolio management trading experience.

In David's previous role with RBS, David managed a credit portfolio with outright risk ranging between £1-2.5 billion.

